BAY AREA
COMPENDIUM
OF HOUSING DATA

BAY AREA COUNCIL

BAY AREA COUNCIL HOUSING DATA COMPENDIUM

SECOND EDITION, REVISED

1985-1987

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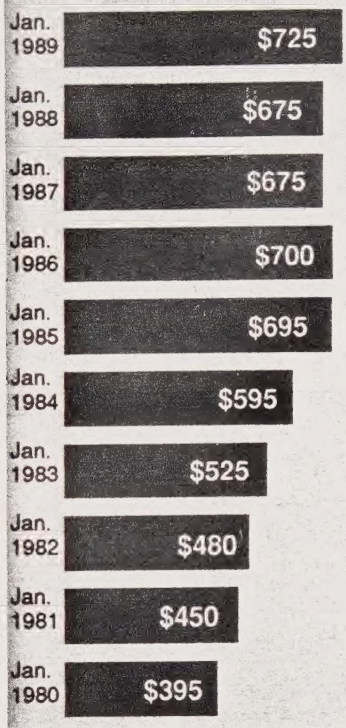
September, 1987

Bay Area Median Advertised Rent, 1980-1989
(Two-Bedroom Apartment)



Source: Bay Area Council

Advertised Rents January 1989

Area	*Median*	*Low-End*
San Francisco	$895	$740
Marin County	790	650
San Mateo Cty.	825	700
San Jose Area	700	625
Oakland Area	625	475
S. Alameda Cty.	620	545
Contra Costa Cty.	575	495
Sonoma County	555	500
Solano County	450	395
BAY AREA	725	NA

Source: Bay Area Council

source: Housing and Development Report / Bay Area Council (Feb. 1989)

BAY AREA COUNCIL HOUSING DATA

Median Advertised Rental Rates for Selected Markets
1980-1987

	Oakland Area	San Jose Area	San Francisco	BAY AREA
Jan. 1980	$325	$355	$475	$395
Jan. 1981	350	420	525	450
Jan. 1982	400	425	595	480
Jan. 1983	415	500	650	525
Jan. 1984	475	595	750	595
Jan. 1985	510	653	850	695
Jan. 1986	550	650	900	700
Apr. 1986	590	640	900	685
Jul. 1986	600	650	895	695
Oct. 1986	630	650	900	700
Jan. 1987	625	650	850	675
Apr. 1987	645	650	850	685
Jul. 1987	575	600	895	650

Source: Bay Area Council

September, 1987

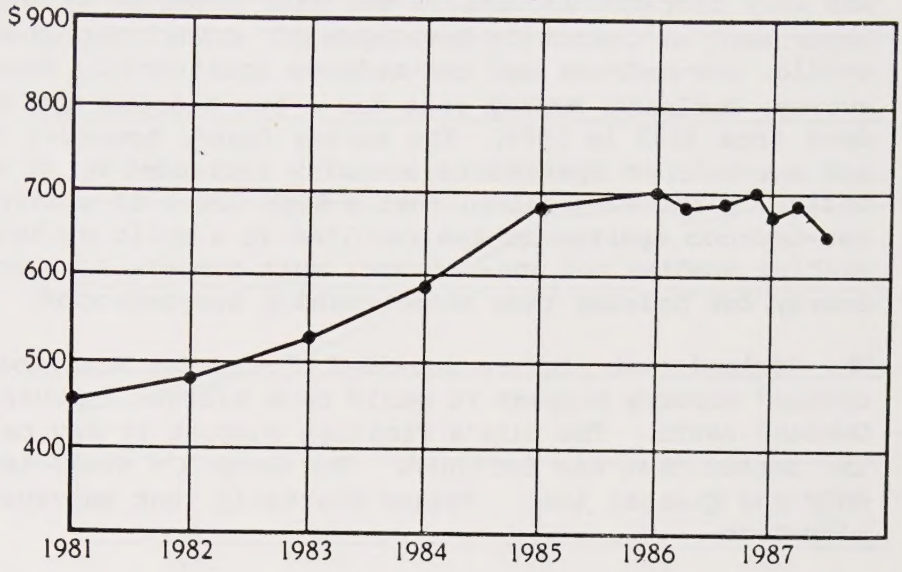
BAY AREA HOUSING DATA: RENT LEVELS

Through these quarterly statistical inserts on rent levels, the Bay Area Council hopes to fill the void that exists for comprehensive and accurate tracking of information on rent levels for the region. All the information presented, unless otherwise noted, has been compiled and analyzed by the Bay Area Council.

RENTS DECLINE SLIGHTLY

The latest Bay Area Council survey of advertised apartment rents has found that the median rent for a two-bedroom apartment in the Bay Area declined from $685 in April to $650 in July, 1987. The July figure also represents a decline from the July, 1986 median of $695 and continues a trend towards flattened rents that began in early 1985. The drop in median rents is largely attributable to the higher level of housing production and a large number of renters who have taken advantage of low interest rates to become homeowners.

Bay Area Median Rent*
for two-bedroom apartments



*Annual Figures are for January of each year. Sample size averaged 309 for 1981 through October 1986.

*Based on a sampling of rents advertised for two-bedroom unfurnished apartments in the Saturday and/or Sunday classified sections of six Bay Area newspapers: *San Francisco Chronicle and Examiner, San Jose Mercury News, The Tribune, Marin Independent Journal, Contra Costa Times*, and *Peninsula Times-Tribune*. Rents reflect the cost of renting an available apartment — not what all current renters of two-bedroom apartments are paying.

RENT LEVELS BY AREA

The July rent data indicate continued strong demand in the core of the region. San Francisco continues to be the most expensive rental market in the Bay Area with a median rent of $895. Rents in San Francisco had dipped to the $850 level after a steady year near $900. Rents in Marin County, where housing production is low, also increased from April, after dropping the previous quarter from $760 to $695. After remaining above the $600 mark since July, 1986, Oakland rents declined to $575, the lowest since January, 1986 (see next section). Similarly, the median rent in San Jose dropped 7.5% to $600 after holding near $650 for a year and a half. Central Contra Costa and San Mateo County rents both have remained relatively unchanged for the last year, and those in Santa Rosa dropped slightly to $485.

Median Advertised Rents by Area

Area	July 1987	April 1987	July 1986
San Francisco	$895	$850	$895
San Mateo Co.	735	735	750
Marin Co.	750	695	690
San Jose Area	600	650	650
Oakland Area	575	645	600
Central Contra Costa	550	550	550
Santa Rosa Area	485	495	475
BAY AREA	$650	$685	$695

FOCUS ON OAKLAND

The median rent in the Oakland area dropped by over 10% from April to July, the biggest change in the Bay Area. While a decrease over one period does not constitute a trend, at least a partial explanation for this sudden turn may be found in the regionwide phenomena of a greater housing supply due to increased production over the last two years, and lower demand as reduced interest rates have lured higher income renters into the market for home-ownership.

The July decrease in Oakland was also detected by the City of Oakland Department of Community Development's annual survey of area rents for studio, one-bedroom and two-bedroom apartments. According to the city's survey, Oakland's median rent for a two-bedroom apartment in July was $575, down from $593 in 1986. The survey found, however, that rents for studios and one-bedroom apartments actually increased by 4% and 8%, respectively. Officials there speculate that a high level of construction of upper-end two-bedroom apartments has resulted in a split market in which tenants seeking studios and one-bedrooms must compete more actively and pay more dearly for housing than those seeking two-bedrooms.

The Oakland rent picture provided by the Bay Area Council and City of Oakland surveys suggest it would be a mistake to overemphasize the drop in Oakland rents. The city's findings suggest it may be only one segment of the market that has declined. The Council's study indicates the drop is only one quarter long. Future quarterly rent surveys will help clarify the situation.

CPI TRENDS

The Consumer Price Index for residential rents increased only slightly more rapidly than the CPI for all items between April and July, with rents rising 1.2% and all items increasing .85%. Since June, 1986, the CPI for residential rents increased 5.2% while the index for all items rose 3.5%. The Bay Area Council's rent survey indicated a drop in the median rent of 5.4%. The CPI measures current contract rents, including occupied housing, while the Council's rent survey tracks only advertised vacant apartments. Rents in the overall housing market may, therefore, be rising to the market level of advertised rents.

Consumer Price Index
San Francisco-Oakland-San Jose
Consolidated Statistical Area

	Rent	All Items
June 1986	360.0	344.0
April 1987	374.2	353.5
July 1987	378.6	356.0

1967 (base year)=100
Source: U.S. Department of Labor, Bureau of Labor Statistics

prepared by Kevin Knudtson

March 1987

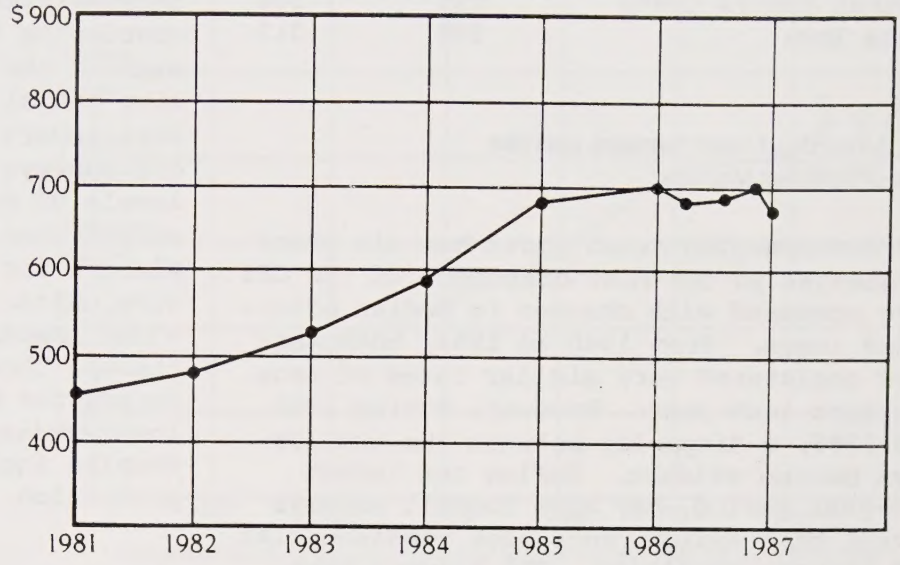
BAY AREA HOUSING DATA: RENT LEVELS

Through these quarterly statistical inserts on rent levels, the Bay Area Council hopes to fill the void that exists for comprehensive and accurate tracking of information on rent levels for the region. All the information presented, unless otherwise noted, has been compiled and analyzed by the Bay Area Council.

Median Rents Decline

Median apartment rents in the Bay Area declined in the last quarter of 1986, according to the latest Bay Area Council survey of advertised rents. The median advertised rent for a two-bedroom apartment in the Bay Area was $675 in January 1987, down from $700 in October, and $20 lower than the $695 median in January 1986. Prior to the latest decline, advertised rents in the Bay Area remained flat throughout most of 1985 and 1986. This followed a half decade of skyrocketing rent increases. A more favorable renter's market has resulted from rising vacancy rates brought on by increased production levels. Reduced pressure on the rental market has also occurred as many higher-income renters, attracted by lower interest rates, have become first-time homeowners.

Bay Area Median Rent* for two-bedroom apartments



*Annual Figures are for January of each year. Sample size averaged 309 for 1981 through October 1986, 449 in January 1987.

*Based on a sampling of rents advertised for two-bedroom unfurnished apartments in the Saturday and/or Sunday classified sections of six Bay Area newspapers: *San Francisco Chronicle and Examiner, San Jose Mercury News, The Tribune, Marin Independent Journal, Contra Costa Times*, and *Peninsula Times-Tribune*. Rents reflect the cost of renting an available apartment — not what all current renters of two-bedroom apartments are paying

Rent Levels by Area

While San Francisco remains the most expensive rental market in the Bay Area, median advertised rents for the city declined from $900 in October to $850 in January. San Mateo County also registered a $50 decrease, lowering the median rent for a two-bedroom apartment to $700. Santa Rosa continues to show the lowest rents of all the areas surveyed, declining from $515 to $500 in the three-month period. The only areas where median advertised rents did not decline were San Jose--with rents remaining flat at $650--and Marin County, where the median rent of $760 remains second only to San Francisco.

CPI Records Rent Increase

Despite a decrease in advertised rents, the residential rent component of the Consumer Price Index (CPI) showed an increase of 0.9% between October and December of 1986 for the San Francisco-Oakland Metropolitan Area. This increase follows a 0.3% decrease measured during the previous two-month period, the first decline in the area's CPI rent component recorded since 1982. While the CPI showed rents going up during the end of 1986, the index for all items declined by 1.2% during the same period.

Median Advertised Rents by Area

Area	Jan 87	Oct 86
San Francisco	$850	$900
Marin County	760	744
San Mateo County	700	750
San Jose Area	650	650
Oakland	625	630
So. Alameda County	610	625
Central Contra Costa	555	580
Santa Rosa	500	515

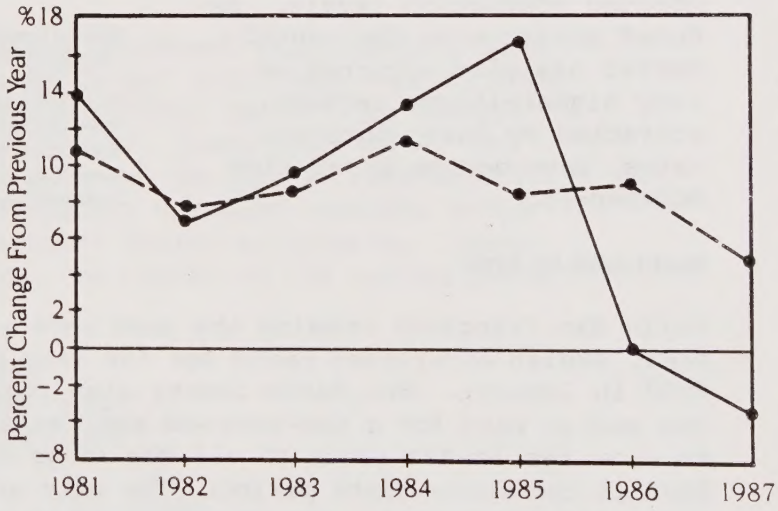
CPI, Advertised Rent Surveys, and the Rental Housing Market

The accompanying graph shows how six years of changes in the rent component of the CPI have compared with changes in median advertised rents. From 1980 to 1984, both surveys registered very similar rates of rent increase each year. However, during 1985 and 1986, a disparity between the two surveys became evident. During the latest two-year period, Bay Area Council surveys reveal that median rents have remained flat and are now declining. CPI surveys show that while the rate of rent increase has dropped below earlier levels, rents have continued to rise at least 5% per year since 1985.

What accounts for this variation? The answer--which can be explained in part by differences in units sampled--sheds some light on the relationship between the recent upturn in rental housing production in the Bay Area and affordability. The rent component of the CPI is based on surveys of existing and new rental units. CPI surveys are drawn from a sample stratified by the percent of rental units in the area, income and types of units. In contrast, surveys of advertised rents conducted by the Bay Area Council are based upon a random sample of all two-bedroom rental units advertised in selected local newspapers. Advertised rent surveys are therefore weighted by the types of units which are vacant at the time of the survey. Advertised vacant units tend more often to be recently constructed and/or higher priced, since existing low-rent units are more likely to lease without newspaper advertising.

The variation shown between the two rental surveys during the past two years parallels a period of increased levels of rental housing production. According to a recent study conducted by the Bay Area Council, rental housing production in the Bay Area in 1985 was the highest it had been in a decade, with building permit issues in 1986 continuing at a strong pace. By absorbing much of the demand for new and more expensive rental units, increased production has kept advertised rents flat since 1985. The CPI surveys reveal, however, that high levels of production may not have had much effect upon improving the affordability picture for renters in older, less-expensive units. Rent levels measured across a wider spectrum of rental units show a continued, though lessened, rate of increase during the past two years. The demand for lower-priced units remains undersupplied despite increased levels of rental housing production.

Annual Change in Rents



——— Percent change in median advertised rents—Bay Area Council rent surveys

- - - - Percent change in rent component of Consumer Price Index

Annual figures are from December of reported year for Consumer Price Index and January of following year for Bay Area Council rent surveys.

December 1986

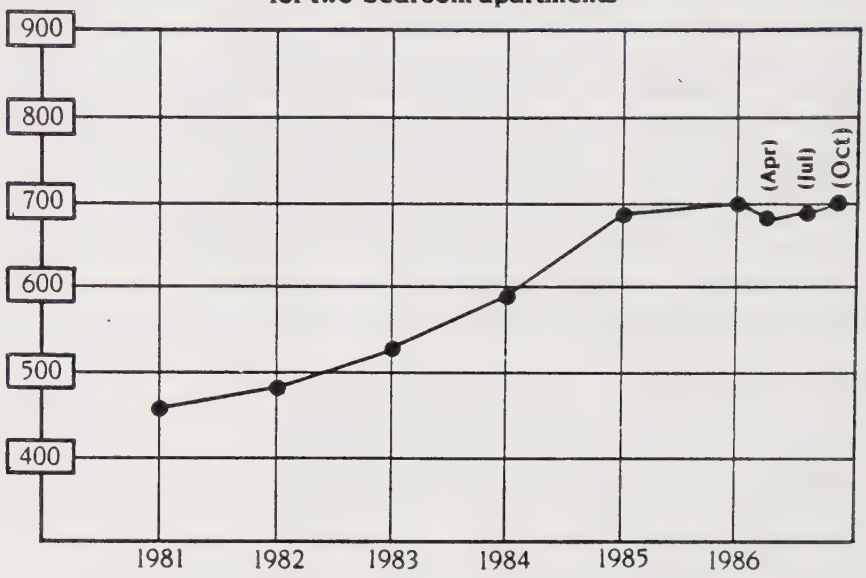
BAY AREA HOUSING DATA: RENT LEVELS

Through these quarterly statistical inserts on rent levels, the Bay Area Council hopes to fill the void that exists for comprehensive and accurate tracking of information on rent levels for the region. All the information presented, unless otherwise noted, has been copiled and analyzed by the Bay Area Council.

Two Years of Flat Rents

Apartment rents in the Bay Area have remained stable for nearly two years, according to the latest Bay Area Council survey of advertised rents. The median advertised rent for a two-bedroom apartment in the Bay Area was $700 in October 1986, up only slightly from January of 1985 when the median advertised rent was $695. The current period of flat rent levels follows several years of significant rent increases: In 1980, the Bay Area median advertised rent was $395 for a two-bedroom apartment. During 1984, rents skyrocketed 16.8%.

Bay Area Median Advertised Rent* for two-bedroom apartments



*Annual figures are for January of each year. Sample size averaged 309 for 1981 through July 1986, 399 for October 1986.

*Based on a sampling of rents advertised for two-bedroom unfurnished apartments in the Saturday and/or Sunday classified sections of six Bay Area newspapers: *San Francisco Chronicle and Examiner, San Jose Mercury News, The Tribune, Marin Independent Journal, Contra Costa Times,* and *Peninsula Times-Tribune*. Rents reflect the cost of renting an available apartment — not what all current renters of two-bedroom apartments are paying

CPI for Rents Drops in October

For the first time since 1982, the residential rent component of the Consumer Price Index (CPI) recorded a slight downturn. It decreased 0.25% between August and October. Since February of this year, however, the CPI had recorded a 3% increase in rents. The CPI for all goods during this same period rose 1.9%. The CPI rent figure is based on a survey of both occupied and vacant rental housing units for the five urban counties of the San Francisco-Oakland Metropolitan Area.

Rent Levels by City

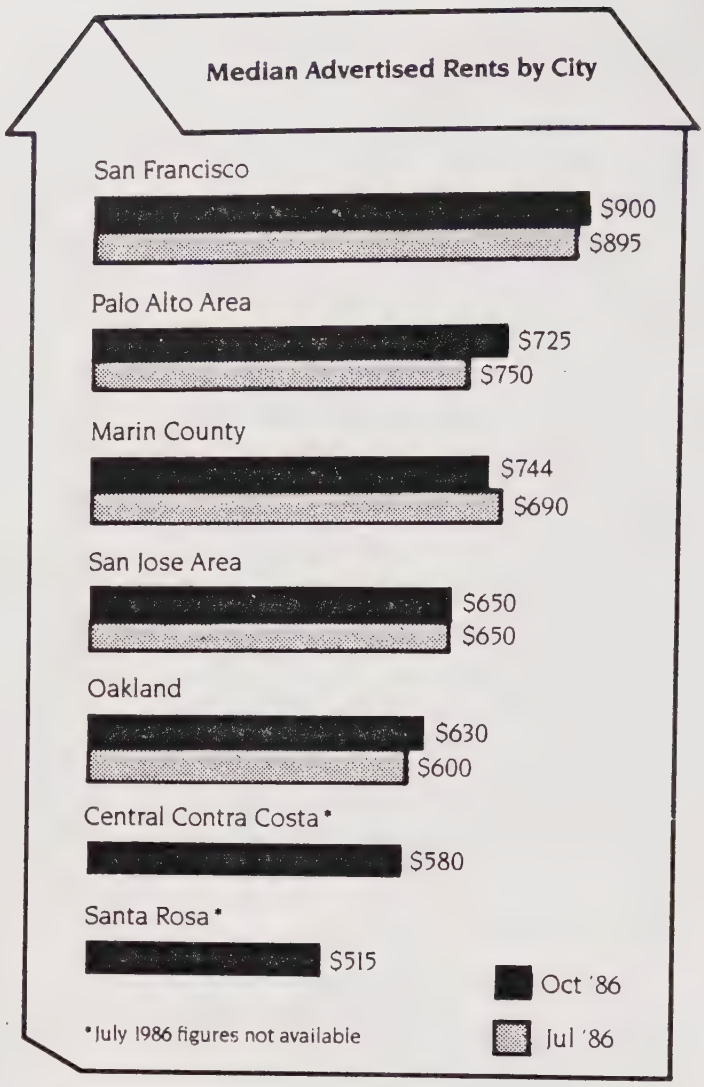
Advertised rents are remaining stable throughout most of the Bay Area. Both the Oakland area and Marin County, however, are showing rent increases. Between October and July, median advertised rents in Oakland increased from $600 to $630. Rents in Oakland are now approaching those in the San Jose area, where rents have been flat at $650. Marin County -- where rents increased from $690 to $744 during the same period -- has become a more expensive rental market than the Palo Alto area. The median rent in San Francisco continues to hold at about $900, the Bay Area's most expensive market. The lowest-cost area surveyed is Santa Rosa, where it costs $515 to rent the median advertised two-bedroom apartment.

Affordability: The Problem Persists

While renters are benefitting from stable rent levels, the decline in affordability which occurred in the early part of the decade still remains. In 1980, the U.S. Census indicated that 41% of Bay Area renter households were paying over 30% of their income toward rent. Since then, rent increases have outpaced inflation. The Bay Area Council surveys reveal that advertised rents increased 75% from 1980 to 1986, while household incomes rose only 40%, according to estimates made by Urban Decision Systems.

The accompanying Table shows the percentage of estimated renter household income required to rent the median advertised two-bedroom apartment in eight Bay Area regions in 1986. In 1980, a household earning the median income for renter households in the Bay Area ($13,839) would pay 34% of its income to rent the $395 median advertised apartment. Today, the typical renter household, earning an estimated median income of $19,303, would expect to pay 44% of its income to rent the $700 median advertised apartment. In San Francisco, 60% of income is needed to rent the median apartment. In other markets, the disparity is not nearly as striking, though still indicative of serious affordability problems. The San Jose area shows the most favorable balance between incomes and rent levels, where 34% of renter income is required to rent the median advertised apartment.

While the rental construction boom has increased vacancy rates and resulted in stable advertized rents, much of the new rental housing coming on the market is unaffordable to most renter households. Surveys of advertised rents tend to overemphasize newly-constructed units, as many older, lower-priced apartments are leased without newspaper advertising. The leveling of advertised rents seen between January 1985 and October 1986 may not be reflective of the entire rental housing market. During this same period, the rent component of the Consumer Price Index, based on a survey of existing rental housing units in the San Franciso-Oakland metropolitan area, showed an increase of 13.5%.



City-by-city rent figures are calculated from limited samples of classified ads from several Bay Area newspapers. The rent data for Oakland, San Jose, and San Francisco are drawn from the entire Bay Area median rent sample. The sample sizes for city-by-city rent levels are smaller than the sample for the entire Bay Area and thus more subject to statistical fluctuation. Advertised rents for cities not included in the regionwide sample are collected from other newspapers and reported occasionally.

1986 BAY AREA RENTAL HOUSING AFFORDABILITY

Sub-Region	Median Household Income: All HHs	Median Household Income: Renter HHs	Percent of Income Needed for Rent (renter HH)
San Francisco	$22,435	$17,948	60%
Oakland/So. Alameda Co.	26,002	16,901	44%
Central San Mateo Co.	32,483	23,063	39%
Central Contra Costa Co.	32,322	19,176	39%
Palo Alto Area	33,206	22,192	38%
Marin County	36,182	24,242	37%
Santa Rosa Area	25,034	17,274	36%
San Jose Area	33,206	22,912	34%
REGIONAL AVERAGE	**$28,810**	**$19,303**	**44%**

Sources: Urban Decision Systems; U.S. Census; Bay Area Council

Notes: 1) Median renter household income is based on percent of total household income as estimated by 1980 U.S. Census, applied to county estimates of 1986 median household income.

BAY AREA HOUSING DATA: RENT LEVELS

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Median Advertised Rents

Rent levels for available apartments stabilized in the first nine months of 1985. According to data collected by the Bay Area Council, the Bay Area median advertised rent for a two-bedroom apartment in October was $700 per month. This is only $5 above the January median advertised rent of $695. This leveling off of advertised rents follows several years of substantial increases as depicted in the accompanying graph.

Bay Area Median Advertised Rent Annual Percentage Increase

1980-81	13.9%
1981-82	6.7%
1982-83	9.4%
1983-84	13.3%
1984-85	16.8%
1985-86	1.0%

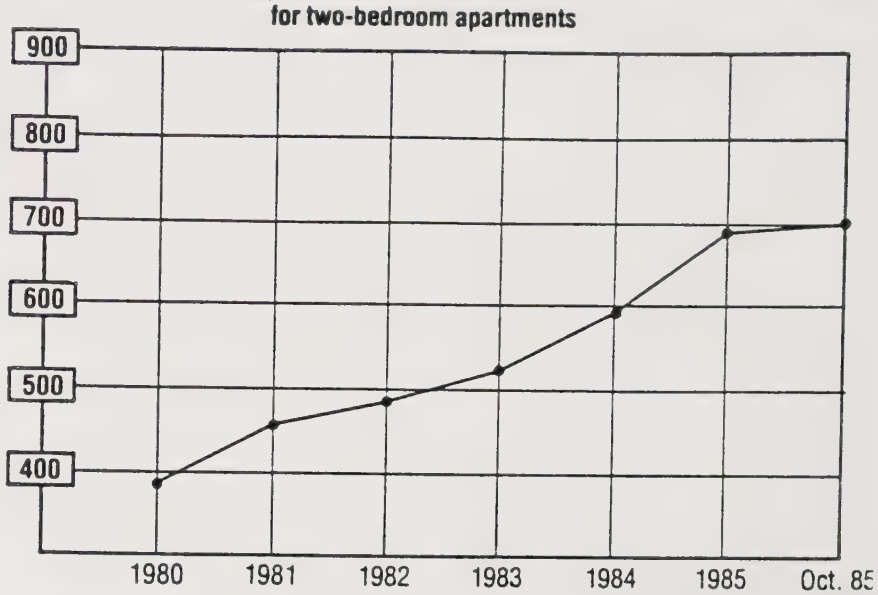
(annualized)

Rents By City

San Francisco continues to have the highest median advertised rent in the Bay Area: $885 per month. Advertised rent levels above the Bay Area median were found in central San Mateo County ($750) and Marin County ($715). The median advertised rent for a two-bedroom apartment in San Jose was $675 and in Oakland $585. The lowest measured advertised rents in the Bay Area were in Santa Rosa ($495) and Fairfield ($435).

Source: Bay Area Council

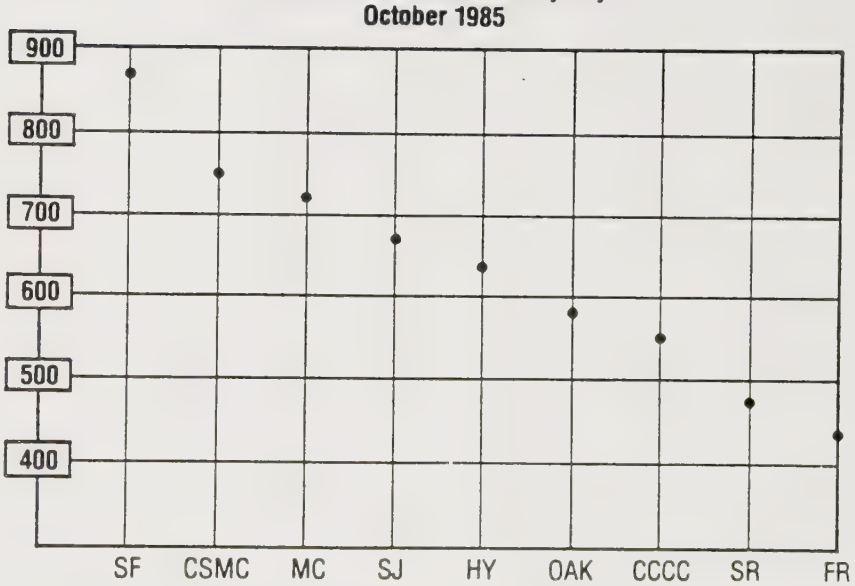
Bay Area Median Advertised Rent* for two-bedroom apartments



1980-85 annual figures are for January of each year. The average annual sample size of advertised two-bedroom apartments from 1980-85 was 274. In October 1985 the sample size was 491. The rise in sample size is due to either a seasonal variation or the increased availability of units of this size.

*The Bay Area median advertised rent is based on a sample of rents for two bedroom unfurnished apartments listed in the Saturday and/or Sunday classified section of six Bay Area newspapers: the *San Francisco Chronicle and Examiner*, the *San Jose Mercury News*, *The Tribune* (Oakland), the *Marin County Independent Journal*, the *Contra Costa Times*, and the *San Mateo Times*. The rents reflect what it costs to rent an available apartment; it does not necessarily represent what all current renters of two-bedroom apartments are paying.

Median Advertised Rents by City October 1985



Code: SF = San Francisco, CSMC = Central San Mateo County, MC = Marin County, SJ = San Jose, HY = Hayward, OAK = Oakland, CCCC = Central Contra Costa County, SR = Santa Rosa, FR = Fairfield.

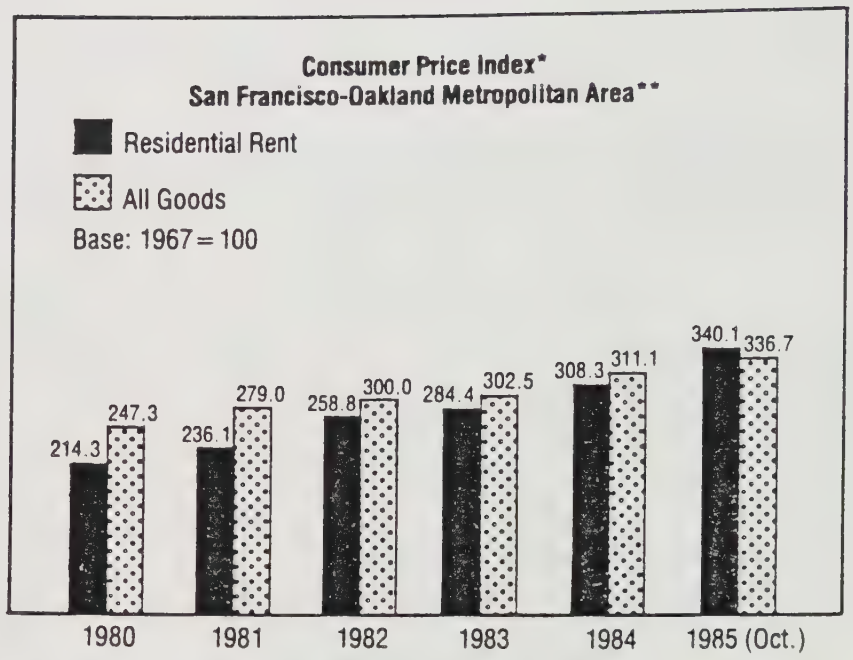
Consumer Price Index

While the rise in advertised rents has moderated, the residential rent component of the consumer price index (CPI), which measures rent levels on occupied apartments, increased 7.2 percent between October 1984 and October 1985. The CPI for all goods rose only 2.8 percent over the same period. This may indicate that as leases on occupied units are renewed, or as units become vacant, rent levels are rising to meet the increases in rents on new and other advertised apartments which have occurred in the last few years.

Consumer Price Index
Percent Annual Increase

	Residential Rent	All Goods
1980-81	7.0	12.8
1981-82	10.8	7.5
1982-83	10.6	0.8
1983-84	8.3	7.1
1984-85	7.2	2.8
1980-85	52.2	36.2

Based on October index levels.



Source: Bureau of Labor Statistics, U.S. Department of Labor

*The Consumer Price Index measures prices for a number of consumer goods and services, including residential rent. A limited survey of current renters is used in calculation of the residential rent component of the index.

**The San Francisco-Oakland Metropolitan Area consists of San Francisco, Alameda, Contra Costa, San Mateo and Marin counties.

Bay Area Council: Housing Data

CONSUMER PRICE INDEX*

San Francisco-Oakland Metropolitan Area

		Rent	All Items
1984	**Annual Average**	**319.8**	**308.3**
1985	February	322.1	328.7
	April	327.3	330.4
	June	330.4	333.2
	August	337.6	335.8
	October	340.1	336.7
	December	349.8	336.4
1985	**Annual Average**	**333.1**	**333.3**
1986	February	355.0	341.1
	April	355.7	339.3
	June	360.0	344.0
	August	366.4	345.5
	October	365.5	347.7
	December	368.8	343.6
1986	**Annual Average**	**361.1**	**343.2**

San Francisco-Oakland-San Jose Consolidated Statistical Area

1987	January	371.6	345.8
	February	374.4	348.8
	March	373.2	349.6
	April	374.2	353.0
	May	375.1	347.0
	June	376.1	347.3
	July	378.6	349.3

* 1967 (base year)=100

Source: U.S. Department of Labor, Bureau of Labor Statistics

Bay Area Council: Housing Data

RENT COMPONENT OF
CONSUMER PRICE INDEX*
ANNUAL AVERAGE, 1961-1986

San Francisco-Oakland Metropolitan Area

YEAR	ANNUAL AVERAGE
1961	85.1
1962	87.9
1963	90.5
1964	92.8
1965	94.7
1966	97.0
1967	100.0
1968	105.2
1969	111.3
1970	119.3
1971	125.4
1972	129.2
1973	133.2
1974	138.7
1975	144.8
1976	153.3
1977	164.7
1978	177.3
1979	190.3
1980	214.3
1981	236.1
1982	258.8
1983	284.4
1984	308.3
1985	333.3
1986	343.2

*1967 (base year) = 100

Source: United States Department of Labor,
Bureau of Labor Statistics

Bay Area Council: Housing Data

MEDIAN SALES PRICE OF EXISTING SINGLE-FAMILY HOMES
San Francisco Area* and California
1982-1986

	San Francisco	% change prev. yr	California	% change prev. yr.
1986	$161,150	14.6%	$131,530	11.5%
1985	140,615	8.2	117,930	4.9
1984	129,916	0.3	112,470	-0.1
1983	129,473	4.4	112,590	2.3
1982	124,027		110,020	

*Participating Boards of Realtors include Berkeley, Contra Costa, Los Altos-Los Gatos-Saratoga-Menlo Park-Atherton-Mountain View-Palo Alto-Sunnyvale, Marin, North San Mateo-Redwood City-San Carlos-Belmont, San Jose, Solano and Southern Alameda.

source: California Association of Realtors

May 1987

BAY AREA HOUSING DATA: BUILDING PERMITS

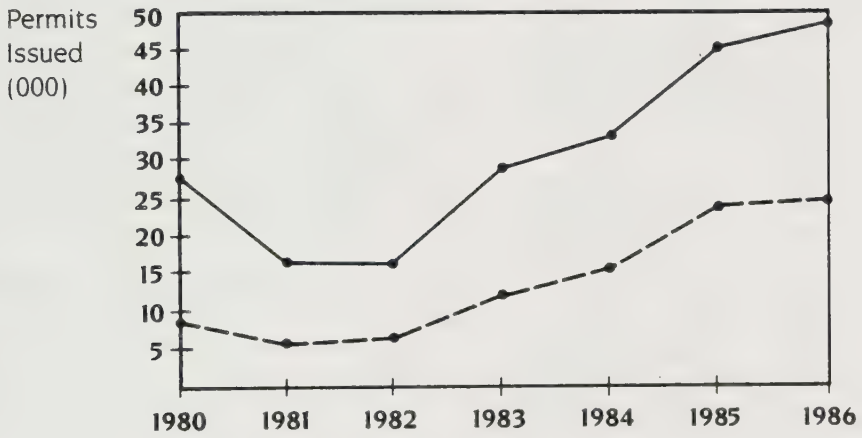
1986 Building Activity

More building permits were issued in the nine Bay Area counties last year than in any of the past thirteen years. In 1986, local jurisdictions issued permits for 47,656 new housing units. This represents a 7.6% increase over 1985, when 44,284 permits were issued. The level of building activity reached in 1986 has not been seen since 1973, when nearly 50,000 permits were issued. The largest number of permits issued in the region in one year was 67,000 in 1971.

Housing production in the Bay Area has been on the upswing since 1983. (See accompanying graph.) In the early 1980s, the recession and high interest rates stifled construction to levels one-third of those recorded last year.

Permits for multi-family housing in the nine-county region--including apartments, condominiums and townhouses--accounted for 51% of all approvals issued in 1986. The 24,000 multi-family units receiving permits last year was the highest level since 1972. The boom in multi-family building activity over the past two years has been dominated by apartment construction. Lower interest rates, steady demand, and local initiatives including tax-exempt bond issues have all contributed to the trend.

Total Bay Area Building Permits Issued



Sources: Security Pacific Bank Construction Industry Research Board

A Subregional Look at Residential Construction

The acompanying table presents a breakdown of 1985 and 1986 building permit activity in 19 subregional housing markets. The areas of greatest housing production last year included southern Alameda County (excluding the Tri-Valley), Greater San Jose and the unincorporated portions of Contra Costa County.

The largest percentage increases in overall housing production over the past two years were seen in the northern portion of San Mateo County, Western Contra Costa County (El Cerrito, Hercules, Pinole, Richmond and San Pablo), Benicia/Vallejo and the Tri-Valley (Danville, Dublin, Livermore, Pleasanton and San Ramon). San Francisco and the northern portion of Alameda County also experienced a substantial increase in residential construction.

Seven subregions showed a decline in production between 1985 and 1986. Most of the northbay experienced lower levels of building activity, including Northern Marin County, Sonoma and Napa Counties, and Greater Solano County (excluding Benecia and Vallejo). Santa Clara County also issued fewer permits in 1986.

The cities with the largest numbers of building permits issued in 1986 (not shown) included San Jose (3,764), Fremont (2,937), Vallejo (2,553), San Francisco (2,037), Richmond (1,678), Santa Rosa (1,606) and Pleasanton (1,417).

Building Permits Issued by Subregion

	Single-Family			Multi-Family			TOTAL		
Sub-Region	**1985**	**1986**	**% Change**	**1985**	**1986**	**% Change**	**1985**	**1986**	**% Change**
East Bay North	537	443	-17.5	799	1479	85.1	1336	1922	43.9
East Bay South	2182	2036	-6.7	3174	3521	10.9	5356	5557	3.8
Tri-Valley	1436	2072	44.3	267	732	174.2	1703	2804	64.7
Contra Costa West	552	607	10.0	789	2156	173.3	1341	2763	106.0
Contra Costa Central	1236	850	-31.2	1181	1691	43.2	2417	2541	5.1
Contra Costa East	804	1768	119.9	1466	1052	-28.2	2270	2820	24.2
Contra Costa Uninc.	2067	3070	48.5	1298	1856	43.0	3365	4926	46.4
Marin North	299	199	-33.4	364	229	-37.1	663	428	-35.4
Marin South	225	377	67.6	162	136	-16.0	387	513	32.6
San Francisco	173	139	-19.7	1217	1898	56.0	1390	2037	46.5
San Mateo North	363	270	-25.6	140	1042	644.3	503	1312	160.8
San Mateo South	923	1078	16.8	732	1118	52.7	1655	2196	32.7
Silicon Valley	880	664	-24.5	2468	1909	-22.6	3348	2573	-23.1
Greater San Jose	2990	2489	-16.8	3167	2875	-9.2	6157	5364	-12.9
Sonoma Central	1581	2044	29.3	2687	432	-83.9	4268	2476	-42.0
Sonoma Rural	1349	1238	-8.2	484	161	-66.7	1833	1399	-23.7
Napa County	342	469	37.1	475	138	-70.9	817	607	-25.7
Benicia-Vallejo	759	1740	129.2	1010	1290	27.7	1769	3030	71.3
Greater Solano	1410	1780	26.2	2298	611	-73.4	3708	2391	-35.5
Bay Area Total	**20,108**	**23,333**	**16.4**	**24,178**	**24,326**	**0.6**	**44,284**	**47,659**	**7.6**

source: Construction Industry Research Board

East Bay North: Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and San Leandro.
East Bay South: Fremont, Hayward, Newark, Union City and unincorporated Alameda County.
Tri-Valley: Danville, Dublin, Livermore, Pleasanton, and San Ramon.
Contra Costa West: El Cerrito, Hercules, Pinole, Richmond, and San Pablo.
Contra Costa Central: Clayton, Concord, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, and Walnut Creek.
Contra Costa East: Antioch, Brentwood, and Pittsburg.
Contra Costa Uninc.: Unincorporated Contra Costa County
Marin North: Fairfax, Novato, Ross, San Anselmo, and San Rafael.
Marin South: Belvedere, Corta Madera, Larkspur, Mill Valley, Sausalito, Tiburon, and uninorporated Marin County.
San Francisco: City and County of San Francisco.
San Mateo North: Brisbane, Burlingame, Colma, Daly City, Millbrae, Pacifica, San Bruno, South San Francisco.
San Mateo South: Atherton, Belmont, East Palo Alto, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Portola Valley, Redwood City, San Carlos, San Mateo, Woodside and unincorporated San Mateo County.
Silicon Valley: Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Santa Clara and Sunnyvale.
Greater San Jose: Campbell, Gilroy, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, San Jose, Saratoga, and unincorporated Santa Clara County.
Sonoma Central: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, and Windsor.
Sonoma Rural: Cloverdale, Healdsburg, Sonoma, and unincorporated Sonoma County.
Napa County: Calistoga, Napa, St. Helena, Yountville, and unincorporated Napa County.
Benicia-Vallejo: Benicia and Vallejo.
Greater Solano: Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, and unincorporated Solano County.

April 1986

BAY AREA HOUSING DATA: BUILDING PERMITS

Building permit data is the most readily available and reliable information on residential construction. Through these quarterly inserts on building permits, the Bay Area Council hopes to provide both current regionwide data and information on local markets. Data is from Security Pacific National Bank and the Construction Industry Research Board.

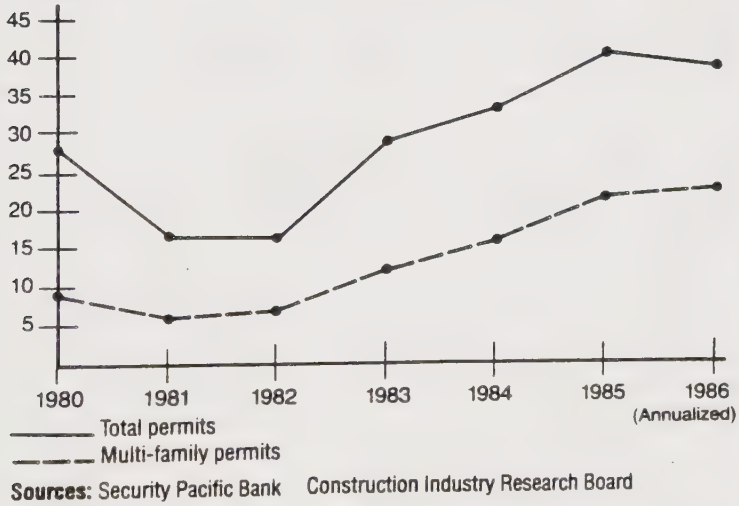
1985 Record Building Year

More building permits were issued in the nine-county Bay Area last year than in any of the last eight years. In 1985, local governments issued more than 40,000 permits for new residential construction. This is a 22% increase from 1984 and well above the 15,524 permits issued during the 1982 recession. (See graph.) Not since 1977, when 46,000 building permits were issued, has more housing been produced in the Bay Area. Still, this is below the record 67,000 permits issued in 1971.

Construction activity has not slowed down much in 1986: 2,648 building permits were issued in January. While this is slightly less than the number issued in the first month of 1985, adjusting the January 1986 figure to an annual estimate will result in annual production of about 38,500 units. If the current drop in interest rates continues, 1986 production may well exceed this estimate.

In 1985, building permits for 21,566 multi-family units were issued in the nine-county Bay Area. This accounted for 53% of all building permits issued last year. Not since 1972 have so many apartments, condominiums, and town houses been approved. In 1984, 15,216 multi-family units were authorized, but in 1981 and 1982 local government issued only about 6,000 multi-family permits annually. The 1985 boom in multi-family construction, most of it apartments, was fueled by lower interest rates, the flow of capital into rental housing, investor concern over anticipated changes in tax laws, and the widespread issuance of tax-exempt municipal bonds to finance apartment construction.

Total Bay Area Building Permits Issued

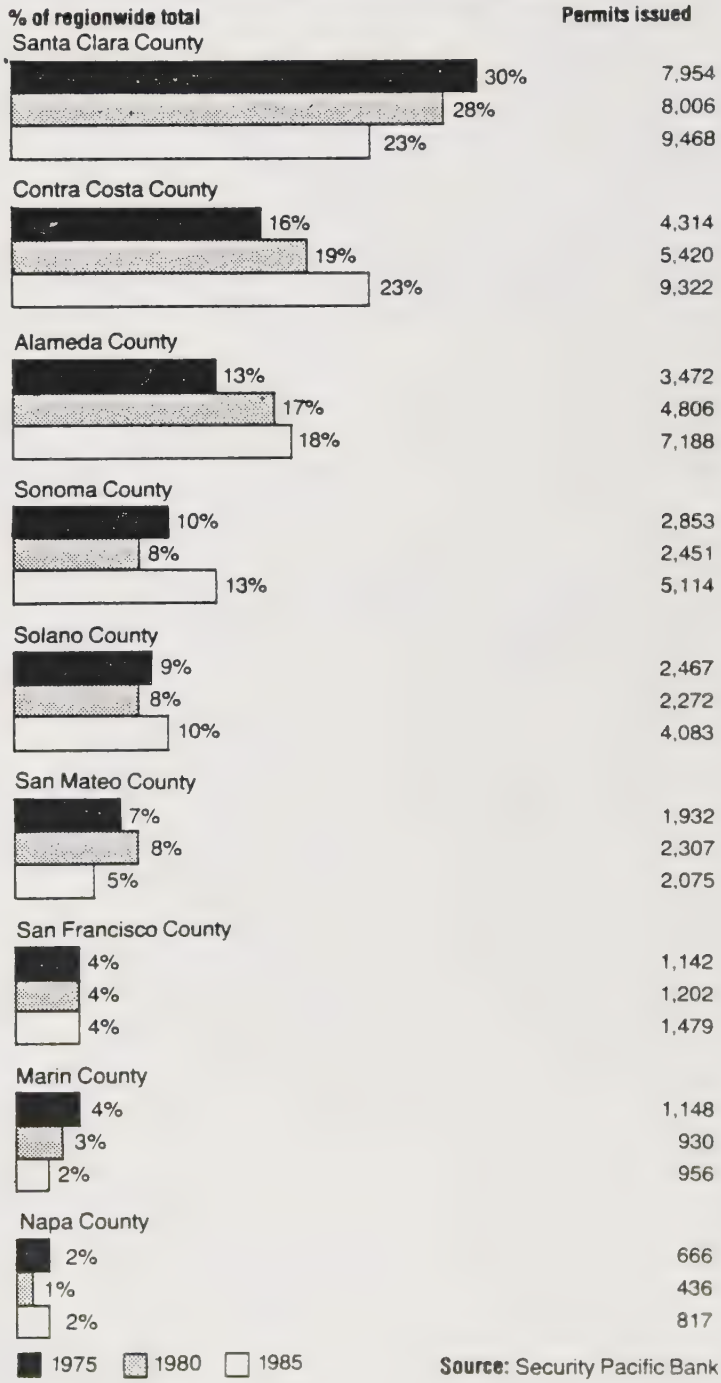


Sources: Security Pacific Bank Construction Industry Research Board

Santa Clara and Contra Costa Counties Lead in Residential Construction

Almost half of the region's new residential construction in 1985 was in Contra Costa and Santa Clara counties, each of which issued more than 9,000 building permits. However, in 1985 Santa Clara's share of the total number of permits issued regionwide dropped to 23% from 30% in 1975. Contra Costa's share, on the other hand, has risen from 16% in 1975 to 23% in 1985. Alameda County has also gained a larger share of the region's housing production. In 1985 more than 7,000 permits were issued in Alameda County, accounting for 18% of the regional total. Solano and Sonoma counties are also experiencing increased levels of building, while proportionally less construction is taking place in Marin and San Mateo counties than it did in 1975. San Francisco and Napa's share of regional building activity has remained about the same over the last 10 years.

Total Building Permits Issued by County



Source: Security Pacific Bank

A Sub-Regional Look at Residential Construction

While county-by-county building permit data indicate overall levels of construction activity, it does not reveal much information on the specific markets in the Bay Area. The accompanying table presents 1984 and 1985 data on the number of building permits issued in 19 sub-regional housing markets in the Bay Area. The sub-regions of greatest housing production in 1985 were the greater San Jose Area, the southern portion of Alameda County (excluding the Tri-Valley), the Silicon Valley, and the central part of Sonoma County.

Over the last two years, the biggest relative additions to the housing supply were in the communities of eastern Contra Costa County (Pittsburg, Antioch, and Brentwood), central Sonoma County (Santa Rosa to Petaluma), and the Tri-Valley (Danville, San Ramon, Dublin, Pleasanton, and Livermore). Other areas which experienced a significant increase in their housing stock in 1984 and 1985 include the Solano County cities of Fairfield, Vacaville, and Suisun City, as well as Benicia and Vallejo. The rural communities and unincorporated portions of Sonoma County experienced a similar rate of growth.

The smallest levels of increase occured in the built-up urban sub-regions of San Francisco, the northern portion of Alameda County, and the bayside communities of San Mateo County. In addition to these three areas, Silicon Valley, the northern half of Marin County, and the central part of Contra Costa County have experienced only modest increases in housing stock while undergoing significant increases in employment.

Building Permits Issued by Sub-region

	Single-family		Multi-family		Total		% housing stock
Sub-region	1984	1985	1984	1985	1984	1985	increase (1)
East Bay North	567	532	278	940	845	1472	1.0%
East Bay South	1530	1854	2264	2491	3794	4345	4.9%
Tri-Valley	1621	1401	1374	267	2995	1668	8.8%
Contra Costa West	466	545	302	771	768	1316	3.0%
Contra Costa Central	836	1310	595	742	1431	2052	3.0%
Contra Costa East	634	1096	610	1466	1244	2562	11.9%
Contra Costa Uninc.	1302	1290	202	1267	1504	2557	n.a.(2)
Marin North	396	259	159	326	555	585	2.2%
Marin South	346	194	88	155	434	349	2.1%
San Francisco	409	173	904	1306	1313	1479	0.9%
San Mateo Peninsula	658	896	1172	854	1830	1750	1.7%
San Mateo Coast	158	317	21	8	179	325	2.5%
Silicon.Valley	651	913	682	2457	1333	3370	2.9%
Greater San Jose	3138	2900	2789	3176	5927	6076	4.0%
Sonoma Central	1802	1543	2061	1749	3863	3292	9.9%
Sonoma Rural	1112	1350	53	472	1165	1822	7.1%
Napa County	372	342	318	475	690	817	4.1%
Benicia-Vallejo	636	759	135	1010	771	1769	7.1%
Greater Solano	670	1115	547	1199	1217	2314	7.9%
Bay Area Total	17,304	18,789	14,554	21,131	31,858	39,920	3.6%

Source: Security Pacific Bank

Notes:
(1) The 1984-85 percentage increase in housing stock is calculated by dividing the total number of building permits issued in the last two years by the total number of households as measured by the census in 1980 and reported by ABAG. While this does not yield an absolutely accurate measure of the increase in housing stock resulting from 1984 and 1985 production, it is a good indication of the relative levels of residential growth.

(2) Building permits issued for unincorporated parts of Contra Costa County are not segregated by place, but fall into several areas, primarily the TriValley and Eastern Contra Costa County sub-regions.

East Bay North: Alameda, Albany, Berkeley, Emeryville, Oakland, Piedmont, and San Leandro.
East Bay South: Fremont, Hayward, Newark, Union City, and unincorporated Alameda County.
Tri-Valley: Danville, Dublin, Livermore, Pleasanton, and San Ramon.
Contra Costa West: El Cerrito, Hercules, Pinole, Richmond, and San Pablo.
Contra Costa Central: Clayton, Concord, Lafayette, Martinez, Moraga, Orinda, Pleasant Hill, and Walnut Creek.
Contra Costa East: Antioch, Brentwood, and Pittsburg.
Marin North: Fairfax, Novato, Ross, San Anselmo, and San Rafael.
Marin South: Belvedere, Corte Madera, Larkspur, Mill Valley, Sausalito, Tiburon, and unincorporated Marin County.
San Francisco: City and County of San Francisco.
San Mateo Peninsula: Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco, and Woodside.
San Mateo Coast: Half Moon Bay, Pacifica, and unincorporated San Mateo County.
Silicon Valley: Cupertino, Los Altos, Los Altos Hills, Mountain View, Palo Alto, Santa Clara, and Sunnyvale.
Greater San Jose: Campbell, Gilroy, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, San Jose, Saratoga, and unincorporated Santa Clara County.
Sonoma Central: Cotati, Petaluma, Rohnert Park, Santa Rosa, Sebastopol, and Windsor.
Sonoma Rural: Cloverdale, Healdsburg, Sonoma, and unincorporated Sonoma County.
Napa County: Calistoga, Napa, St. Helena, Yountville, and unincorporated Napa County.
Benicia-Vallejo: Benicia and Vallejo
Greater Solano: Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, and unincorporated Solano County.

Bay Area Council: Housing Data

BAY AREA HOUSING VACANCY RATES, 1985 AND 1986

County	Single-Family		Multi-Family		All Units	
	1985	1986	1985	1986	1985	1986
Alameda	1.1%	1.1%	2.4%	2.3%	1.6%	1.5%
Contra Costa	1.4	1.4	4.1	4.8	2.1	2.5
Marin	1.2	1.3	2.5	2.3	1.6	1.7
Napa	1.5	1.8	5.1	5.2	2.4	2.6
San Francisco	1.2	1.0	0.8	1.5	0.7	1.1
San Mateo	0.8	0.7	2.4	2.2	1.3	1.2
Santa Clara	1.0	1.2	2.6	4.1	1.6	2.3
Solano	2.0	2.4	3.7	6.3	2.4	3.6
Sonoma	2.1	2.0	4.6	6.1	2.7	2.9
BAY AREA	1.1%	1.3%	2.3%	3.0%	1.6%	1.9%

source: Federal Home Loan Bank of San Francisco

POPULATION RESEARCH UNIT
DEPARTMENT OF FINANCE
STATE OF CALIFORNIA
05/18/87

SUMMARY REPORT
BAY AREA REGION

CONTROLLED COUNTY POPULATION ESTIMATES FOR 1-1-87

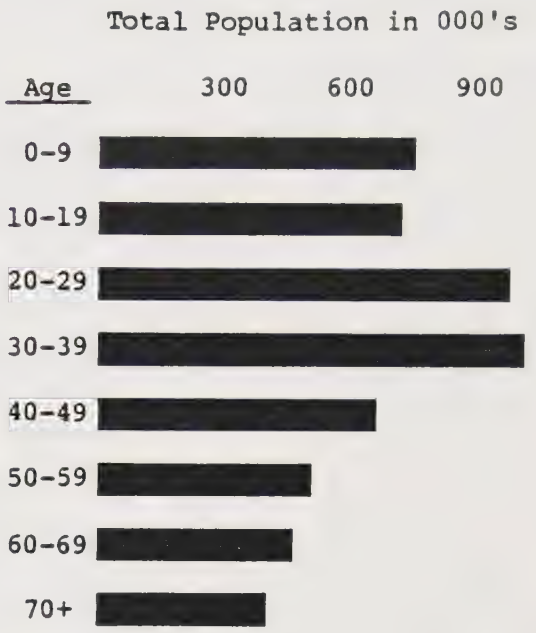
	POPULATION				HOUSING UNITS							
COUNTY NAME	TOTAL	HOUSE-HOLDS	MOBILE HOMES	GROUP QUARTERS	TOTAL	SINGLE	2 TO 4	5 OR MORE	MOBILE HOMES	OCCU PIED	PERCENT VACANT	POP. PER H_HOLD
ALAMEDA	1214070	1181421	9729	32649	482797	286842	57821	132325	5809	467031	3.27	2.530
CONTRA COSTA	734450	726230	10038	8220	286489	210367	22641	47310	6171	277895	3.00	2.613
MARIN	227616	220448	2614	7168	97636	65383	9999	20572	1682	94795	2.91	2.326
NAPA	105167	99826	5031	5341	43454	30353	3282	5333	4486	40135	7.64	2.487
SAN FRANCISCO	742681	717670	386	25011	324484	111777	71638	140826	243	311205	4.09	2.306
SAN MATEO	617089	609852	4954	7237	243410	156794	17748	65965	2903	236763	2.73	2.576
SANTA CLARA	1407948	1377329	31418	30619	516949	330150	46455	123473	16871	501001	3.09	2.749
SOLANO	291264	275641	7391	15623	103698	73619	9438	16908	3733	100037	3.53	2.755
SONOMA	349089	342022	17048	7067	147291	105944	11772	19939	9636	136823	7.11	2.500
TOTAL	5689374	5550439	88609	138935	2246208	1371229	250794	572651	51534	2165685	3.58	2.563

November 1986

BAY AREA HOUSING DATA: DEMOGRAPHICS

The demand for housing results from a number of factors: income, in-migration, home prices, and interest rates. One of the most important factors--population demographics--is also one of the most frequently overlooked when assessing future housing demand. This month's data insert focuses on the age structure of the Bay Area population, and its impacts on both the level and nature of Bay Area housing demand in the future.

Demographic Structure of the Bay Area Population - 1985



The Baby-Boomers Turn 40

As the accompanying graph indicates, the largest segment of the Bay Area population is that between the ages of 30 and 39 years. More than a million people (18 percent of the population) are in this age group. The second biggest sector are those 20 to 29 years old. These two groups, primarily encompassing the baby boom generation born between 1945 and 1960, will have the greatest impact on the housing market in the years to come.

As we approach the end of the decade, the baby boomers have begun to turn 40. Many of them have already purchased their first homes and, as their earning power peaks and their savings mount, they may already be looking for larger and/or more expensive homes. This trend will continue between 1985 and 1990; those in their 40s will be the region's fastest growing age group in that five-year period (see table).

Population by Age Group - 1985 and 1990

Age Group	1985	1990	Total Change	Pct. Change
0-9	742,407	797,348	55,141	7.4%
10-19	726,356	696,400	-29,956	-4.1
20-29	972,624	904,512	-68,112	-7.0
30-39	1,002,040	1,025,441	23,401	2.3
40-49	667,600	863,689	196,089	29.4
50-59	516,777	531,910	15,133	2.9
60-69	462,129	478,714	16,585	3.6
70+	412,103	472,584	60,481	14.7%
TOTAL	5,501,836	5,770,598	268,762	4.9%

source: California Department of Finance

Demand from First-Time Buyers

While the first wave of baby boomers is entering the "move-up" market, the bulk of this generation is still in their 30s. The older and wealthier among this group may be in the market for a "move-up" home, but many have yet to make the shift from renting to homeownership. Their ability to do so has been enhanced by the recent improvements in housing affordability. Although many of these first-time buyers may desire a newly built home, they are more likely to buy the older, less expensive houses vacated by the large age cohort just ahead of them.

A Drop in Demand for Rental Housing?

As the demographic tables presented here indicate, the number of Bay Area residents in their 20s will drop considerably in the next five years. That will mean almost 70,000 fewer people in the prime age group for initial household formation and apartment rentals. While the baby boom generation has created a baby "boomlet," most of these youngsters will not be moving into the rental market for at least 10 to 15 years.

But the demand for rental housing is also influenced by such factors as in-migration, job creation in a sub-market, changes in household composition through divorce or death, and the cost of ownership housing. In the future, rental housing may be viewed less as entry-level shelter, and more as the answer to a wider set of housing needs.

The Aging of the Bay Area

Finally, the Bay Area housing market will be significantly affected by the demand for housing for the elderly. As the accompanying table depicts, those 70 years of age or older will generate substantial demand for housing in the near term. In the next five years, this age group will increase by 60,000 people. While many of these seniors will likely stay in their current homes, a large number may wish to move to housing that is less expensive, located within walking distance of a city center, or is linked to health care, meal, or housecleaning services. The demand for elderly housing will continue to grow in the next few years, but the biggest surge is demand will come with the retirement of the baby boomers some 15 years in the future.

A County-by-County View

The final table presents county-level 1990 demographic data on three age segments of key importance to the housing market. The 20 to 24 age group includes those who will form new households and will likely demand rental housing. Those 30 to 34 are entering the first-time homebuyer group. And the population 65 years of age and older may generate special demands for housing. Besides the number of people in each age group, the table indicates what percentage each age group is of the total population in the county.

In terms of new entrants to the housing market, Alameda, Santa Clara, and Solano County will have the largest shares of those aged 20 to 24. This no doubt relates to the substantial job creation in those counties, as well as their traditional roles as providers of rental housing. The largest concentrations of those turning 30 in the next five years will be found in Marin, San Francisco, and Santa Clara. This may translate into more demand for existing homes, and perhaps some demand for condominiums. Finally, Napa, San Francisco, and San Mateo Counties will have the largest percentages of elderly residents.

County Population by Selected Age Groups - 1990

County	20-24	pct.	30-34	pct.	65+	pct.
Alameda	100,305	8.3%	103,243	8.5%	142,396	11.8%
Contra Costa	45,936	6.1	65,208	8.7	92,648	12.3
Marin	11,881	5.2	22,061	9.6	29,786	12.9
Napa	7,034	6.5	8,469	7.8	19,376	17.8
San Francisco	47,039	6.7	68,273	9.8	111,349	16.0
San Mateo	37,667	6.1	51,622	8.4	91,482	14.9
Santa Clara	117,103	8.0	134,485	9.2	144,977	9.9
Solano	27,091	8.4	24,630	7.7	26,850	8.4
Sonoma	24,539	6.6%	30,733	8.2%	51,491	13.8%
TOTAL	418,595	7.3%	508,724	8.8%	710,355	12.3%

source: California Department of Finance

July, 1987

BAY AREA HOUSING DATA: THE SENIOR MARKET

Demand for Senior Housing: When and Where?

While predictions of strong growth in the elderly population have become commonplace and many developers have begun to tap into the market for senior housing and congregate care, it isn't entirely clear when and where this "senior boom" will take place in the Bay Area. The following figures, based on projections by the California State Department of Finance's Population Research Unit, suggest that growth among elderly age groups will vary among age groups as well as among Bay Area counties.

In assessing the senior market, the most useful age group breakdowns are for those 55-69 years old, who are most likely to seek relatively independent retirement-oriented housing, and persons 70 years and over, for whom congregate and life care living arrangements, with immediately available medical supervision, have become attractive alternatives to living alone or with adult offspring.

Divergent Growth Trends

The Bay Area is already experiencing nearly uniform and fairly strong growth in the over 70 age group, and the trend can be expected to continue through the end of the century. However, the 55-69 age group will grow more moderately, and not evenly among Bay Area counties. In fact, Alameda, Napa and San Mateo counties are projected to lose population in the 55-69 age group through 1995. The 55-69 year old cohort will not become a significant growth group in the Bay Area until the late 1990's. In the next century, as

Table 1 55-69 AGE GROUP POPULATION AND GROWTH TRENDS BY COUNTY, 1985-2000

County	1985	1990	1995	2000	1985-1990	1990-1995	1995-2000
Alameda	154,111	151,114	143,079	159,203	-1.9%	-5.3%	11.3%
Contra Costa	97,917	102,318	106,341	120,590	4.5%	3.9%	13.4%
Marin	31,430	31,994	32,821	37,657	1.8%	2.6%	14.7%
Napa	14,600	14,427	14,440	16,708	-1.2%	0.1%	15.7%
San Francisco	113,995	118,946	116,472	123,865	4.3%	-2.1%	6.3%
San Mateo	97,529	95,712	91,433	96,154	-1.9%	-4.5%	5.2%
Santa Clara	157,420	169,889	180,560	204,947	7.9%	6.3%	13.5%
Solano	28,051	32,052	35,625	43,299	14.3%	11.1%	21.5%
Sonoma	41,960	42,726	45,749	55,989	1.8%	7.1%	22.4%
BAY AREA	737,013	759,178	766,520	858,412	3.0%	1.0%	12.0%
California	3,339,206	3,487,024	3,570,000	3,962,608	4.4%	2.4%	11.0%

70 AND OVER AGE GROUP POPULATION AND GROWTH TRENDS BY COUNTY, 1985-2000

County	1985	1990	1995	2000	1985-1990	1990-1995	1995-2000
Alameda	87,582	99,403	112,712	112,907	13.5%	13.4%	0.2%
Contra Costa	47,100	57,048	70,371	79,704	21.1%	23.4%	13.3%
Marin	15,548	17,460	20,424	22,337	12.3%	17.0%	9.4%
Napa	10,782	10,573	10,399	10,270	-1.9%	-1.6%	-1.2%
San Francisco	85,536	95,751	103,664	104,269	11.9%	8.3%	0.6%
San Mateo	48,841	58,136	69,879	75,122	19.0%	20.2%	7.5%
Santa Clara	71,352	80,964	96,541	109,158	13.5%	19.2%	13.1%
Solano	13,546	16,183	19,465	22,413	19.5%	20.3%	15.1%
Sonoma	31,583	34,664	37,348	39,148	9.8%	7.7%	4.8%
BAY AREA	411,870	470,182	540,803	575,328	14.2%	15.0%	6.4%
California	1,881,992	2,171,029	2,517,498	2,740,970	15.4%	16.0%	8.9%

the baby boom generation reaches retirement age, demand will increase dramatically for senior housing. The implication of the projections is that the market for congregate or life care facilities may be developing in most Bay Area counties before the market for independent retirement housing.

In the next 15 years, the 55-69 age group is expected to grow at its fastest pace in Solano County (see Table 1). Growth rates for Santa Clara and Contra Costa counties are projected to closely approximate those of the state as a whole during 1985-1995, while other counties lose population or experience modest gains. By 1995, however, all Bay Area counties are projected to experience significant growth in the 55-69 age group.

Estimated growth rates for persons 70 years and older are significantly higher than for 55-69 year olds, and most of the Bay Area will see an increase in housing demand by the very old. Napa, the only Bay Area county to lose population in this age group, is expected to do so consistently for the foreseeable future. By 1995, elderly population growth will concentrate primarily in Santa Clara, Solano and Contra Costa counties, and fall off elsewhere.

AGE GROUP POPULATION AS A PERCENTAGE OF
TOTAL POPULATION BY COUNTY, 1990

Table 2

	55-59	60-64	65-69	70-74	75-79	80-84	85 +
Alameda	4.5%	4.7%	3.7%	2.9%	2.0%	1.3%	1.1%
Contra Costa	5.0%	4.9%	3.7%	2.8%	1.9%	1.1%	0.8%
Marin	5.3%	4.9%	3.7%	2.7%	1.8%	1.2%	1.1%
Napa	5.1%	4.8%	4.2%	3.7%	2.8%	1.9%	1.9%
San Francisco	5.3%	5.5%	4.6%	4.4%	3.5%	2.2%	1.6%
San Mateo	5.6%	5.8%	4.5%	3.3%	2.2%	1.3%	1.0%
Santa Clara	4.4%	4.0%	2.8%	2.0%	1.4%	0.9%	0.8%
Solano	3.9%	3.6%	2.7%	2.1%	1.5%	0.8%	0.6%
Sonoma	4.3%	4.3%	3.9%	3.6%	2.7%	1.7%	1.3%
BAY AREA	4.5%	4.4%	3.4%	2.7%	2.0%	1.2%	1.0%
California	4.2%	4.1%	3.3%	2.6%	1.9%	1.2%	0.9%

Source: California State Dept. of Finance

Age Group Proportions

Table 2 shows the percentage of each county's projected 1990 population that falls within seven elderly age groups. The table reveals a higher concentration of the elderly population in San Francisco, Napa, San Mateo, and Marin Counties than in rest of the Bay Area. Conversely, Solano County, and to some extent, Santa Clara County, have smaller proportions of their populations in the these age groups.

Interestingly, Table 1 figures for Solano, Santa Clara and Contra Costa counties indicate strong population growth trends, but forecast little or no change in the elderly as a percentage of the counties' total 1990 population in Table 2. This suggests that the growth in elderly age groups in these counties will come as part of inmigration from all age groups, with the elderly making up no more than a proportionate share of this influx.

Data such as that presented here ultimately ought to be broken down to the local level for further analysis, as studies show that housing developments tend to draw seniors from relatively small geographic markets because they often choose to remain close to their longtime neighborhoods.

September 1986

BAY AREA HOUSING DATA

The affordability of housing is a function of not only rents, home prices and interest rates, but also of household income. This month's data insert examines in detail income levels in the Bay Area and their relationship to housing affordability.

Median Household Income

The median household income for the nine county region in July of 1986 was $28,810. As the accompanying table shows, Marin County ($36,182) remains the wealthiest county in the Bay Area, while San Francisco has the region's lowest median household income ($22,435). San Francisco's household income figure reflects the fact that 41% of the households in San Francisco are single-person households. Alameda, Solano, Sonoma, and Napa counties also have median household incomes below the Bay Area median.

The median household income data presented here is an estimate prepared by Urban Decision Systems (UDS) using recent income data collected by the Census Bureau, the U.S. Bureau of Economic Analysis, and the California Department of Finance. The 1980 Census is the latest authoritative data collected from individual households, and that data is presented in the accompanying table. The UDS estimates are the most current update of Census income figures.

Median Household Income

County	1986	1980
Alameda	$26,002	$18,700
Contra Costa	32,322	22,875
Marin	36,182	24,569
Napa	25,794	18,887
San Francisco	22,435	15,867
San Mateo	32,483	23,175
Santa Clara	33,206	23,370
Solano	26,377	19,264
Sonoma	25,034	17,734
BAY AREA	$28,810	$20,608
CALIFORNIA	$25,044	$18,248

Source: 1986 - estimate, Urban Decision Systems
1980 - U.S. Census

Median Family Income

The U.S. Department of Housing and Urban Development (HUD) makes an annual estimate of median family income. This is done to help determine eligibility for federal housing assistance. The State of California and many local governments also use these income figures for their housing programs. However, HUD does not make an estimate for the nine-county region, but instead calculates income estimates for the four Primary Metropolitan Statistical Areas (PMSA) that make up the Bay Area. These estimates are presented in the accompanying table, and are compared with the UDS estimates for median family income for the nine counties.

Family income figures are significantly higher than household income figures because family income is defined for only those households with two or more related individuals. Household income, on the other hand, includes single-person households, which tend to earn less than family households where multiple wage earners are more common. However, the number of non-

Median Family Income, 1986

County	UDS	HUD
Alameda	$31,637	
Contra Costa	37,489	
Marin	43,128	
San Francisco	28,393	
San Mateo	38,167	
S.F.-Oakland PMSA	$34,360	$36,300
Solano	$29,432	
Napa	31,762	
Solano-Napa PMSA	$30,056	$31,500
Santa Clara	$37,602	$39,200
Sonoma	$29,321	$30,500
BAY AREA	$34,343	n.a.
CALIFORNIA	$29,468	$30,600

Sources: Urban Decision Systems (UDS)
U.S. Department of Housing and Urban Development

family households where multiple wage earners are more common. However, the number of non-family households continues to grow, and in some counties it comprises a significant portion of housing consumers. For instance, in San Francisco, families represent less than half of all households. Thus, median household income is a better measure for determining overall housing affordability because it measures a broader group of housing consumers. In applying its figures, HUD further defines family income by household size.

Bay Area Housing Affordability

	Median household income	Median sales price	Average mortgage rate	Income required to buy	Percent unable to afford
1986	$28,810	$166,011	10.00%	$50,431	79.8%
1985	$28,636	$138,075	11.84%	$47,517	77.9%
1980	$20,608	$104,376	13.11%	$38,910	84.7%

	Median household income	Median advertised rent	Income required to rent	Percent unable to afford
1986	$28,810	$695	27,800	48.1%
1985	$28,636	$695	27,800	48.5%
1980	$20,608	$395	15,800	33.6%

Sources: Urban Decision Systems, California Association of Realtors, Federal Home Loan Bank Board, and Bay Area Council.

Housing Affordability: 1980 to 1985

Increases in household income in the first half of this decade have helped to improve the affordability of home ownership, but income growth has not kept pace with increases in rent levels and rental housing has become less affordable. Between January 1980 and July 1985, the median household income in the Bay Area increased 39%, home prices rose 32%, and interest rates dropped almost one and a half points. This increased the affordability of for-sale housing, as shown in the accompanying table. However, during the same period, advertised rents increased 76% and the affordability of rental housing decreased significantly.

1986 Reverses Five-Year Trends

In the last year, median household income has increased only .6%, and the five-year affordability trends for both rental and for-sale housing have reversed--rent levels have stabilized and home prices have risen. The Bay Area median advertised rent has levelled off at $695 for a two-bedroom apartment (refer to last month's data insert), and thus households that have gained income now find rental housing more affordable.

The affordability of home ownership, on the other hand, has worsened in the last year. Although falling interest rates at first helped improve affordability, the increased number of homebuyers entering the market has now driven home prices up more than 20% in the last year. Much of this increase has occurred in the last few months.

A Word on the Data

Housing affordability is determined using income data provided by Urban Decision Systems. For more information on their income estimates, contact Jim Paris at 213/820-8931, P.O. Box 25953, Los Angeles, CA 90025. The data on home prices is supplied by the California Association of Realtors who collect data from multiple listing services throughout the state. The average mortgage rate is the average effective rate for all home mortgages closed in June of each year as published by the Federal Home Loan Bank. Rent figures are from the Bay Area Council's quarterly survey of advertised rents. For-sale affordability is determined as three times annual housing costs on a fixed-rate 30-year mortgage with an 80% loan-to-value ratio and property tax and insurance costs equal to 1.6% of the value of the home. An affordable rent is defined as 30% of annual income.

April 1987

DATA: POTENTIAL LOSS OF SUBSIDIZED HOUSING

As the table below reveals, an estimated 18,820 units of low and moderate-income housing are at risk of conversion to market rate rentals or condominiums in the nine Bay Area counties over the next 20 years.

More than 7,000 units of housing built under the Section 221(d)(3) or Section 236 insured loan programs face unrestricted mortgage prepayment and cancellation of use restrictions. The 20-year lock-in period ends in the early 1990s for most of these projects. Similarly, owners of 11,805 units of Section 8 housing have the option of contract non-renewal, with most terms expiring either in the next few years, or after 1995.

ESTIMATED FHA-SUBSIDIZED AND SECTION 8 HOUSING UNITS SUBJECT TO EARLY PREPAYMENT OR CONTRACT OPT-OUT, SAN FRANCISCO BAY AREA*
Present - 2006
Units (Projects)

County	Section 236 and 221(d)(3)	Section 8**	Total
Alameda	1,779 (11)	2,520 (26)	4,299 (37)
Contra Costa	1,114 (10)	946 (11)	2,060 (21)
Marin	56 (1)	95 (2)	151 (3)
Napa	140 (1)	205 (3)	345 (4)
San Mateo	160 (1)	627 (8)	787 (9)
San Francisco	562 (5)	2,388 (29)	2,950 (34)
Santa Clara	1,953 (16)	3,546 (31)	5,499 (47)
Solano	1,050 (8)	845 (11)	1,895 (19)
Sonoma	201 (2)	633 (10)	834 (12)
BAY AREA TOTAL	**7,015 (55)**	**11,805 (131)**	**18,820 (186)**
Pre-1989	2,732 (13)	4,158 (44)	6,890 (57)
1990-1994	3,307 (32)	0 (0)	3,307 (32)
1995-2006	976 (10)	7,647 (87)	8,623 (97)

Source: U.S. Dept. of Housing and Urban Development; Bay Area Council

* Only Section 221(d)(3) and Section 236 projects owned by for-profit entities and not receiving Flexible Subsidy or Rent Supplement assistance are included. Section 8 totals exclude projects locked into regulatory agreements under other HUD programs.

** New, rehabilitation, and loan management programs.

Section 221(d)(3) Below Market Interest Rate and Section 236 Programs

Created in 1961, the Section 221(d)(3) BMIR program provided low-interest FHA-insured loans to private sponsors of rental housing. The Section 236 program, which replaced Section 221(d)(3) in 1968, also provided low-interest insured loans to developers, with HUD writing down the interest rate on market rate loans. Sponsors of these projects signed regulatory agreements that restricted rents and limited occupancy to low and moderate-income tenants. Sponsors of Section 221(d)(3) and 236 projects include limited dividend owners, non-profit organizations and cooperatives. Many older projects have come under default and have been acquired by HUD or sold at fair market value. Also, many projects originally owned by non-profit sponsors have been resyndicated by for-profit partnerships.

Most tenants in Section 221(d)(3) or 236 projects earn less than than 80 percent of the median income. Rents, however, are based on the costs of operating the project. Many projects receive additional operating subsidies under the Rent Supplement or Section 8 program, which further reduce tenant rents. In 1978, HUD introduced a Flexible Subsidy program to provide additional assistance to financially troubled projects.

For-profit owners of projects financed under either of these programs may prepay their mortgages and cancel regulatory agreements after 20 years if the projects did not receive additional financial assistance under the Flexible Subsidy or Rent Supplement programs. HUD has not indicated whether projects which previously but no longer receive Rent Supplement assistance remain locked-in for the full length of the mortgage.

Section 8 New Construction, Substantial and Moderate Rehabilitation Programs

First created in 1974, these supply-side Section 8 programs provide owners with operating subsidies which pay the difference between 30% of a tenant's income and a contract rent set by HUD. Unlike the Existing Section 8 program--which provides tenants with "portable" certificates--contracts executed under these programs are tied to the project. Rents are based on operating expenses, and are lower than the Fair Market Rents set by HUD under the Section 8 Existing program. Projects built under the Section 8 New Construction and Substantial and Moderate Rehabilitation programs received financing from various sources, including HUD-subsidized loan programs.

Before 1979, Section 8 contracts for New Construction and Substantial and Moderate Rehabilitation projects were granted for five-year terms; owners had the option to renew for additional terms. Since 1980, Section 8 contracts signed under these programs require minimum terms of 15 to 20 years.

Section 8 Loan Management Set Aside Program

The Section 8 Loan Management program was designed specifically to alleviate problems in FHA-subsidized projects. Like the Section 8 supply programs, owners receive project-based Loan Management contracts for tenants earning less than 80% of the median area income. These contracts are signed for five-year periods, with an option to renew for up to two additional terms.

HUD has recently been converting 40-year Rent Supplement Program assistance to Section 8 Loan Management contracts. While Section 8 provides a deeper subsidy, some projects may be left without operating assistance for a portion of the loan term as the Section 8 contracts expire after 15 years.

February 1987

BAY AREA HOUSING DATA

Impact and Planning Fees

Since the passage of Proposition 13, the fiscal crisis facing many California cities has forced local governments to expand the use of development fees to finance infrastructure and other services. While the costs of growth cannot be ignored, skyrocketing development fees create another barrier to increasing the supply of affordable housing. This month's data insert presents the results of a Bay Area Council survey on growth impact and planning application fees for new housing construction in 23 Bay Area localities, updating a survey conducted by the Association of Bay Area Governments in 1981.

Impact Fees

In addition to planning application, building permit, engineering and utility connection fees, many Bay Area localities require developers of new housing construction to pay for infrastructure and service improvements. These costs of "buying into a community" may include fees for parks, public facilities, traffic mitigation, etc. Table 1 shows the total per unit growth impact fees for 23 selected cities in 1981 and in 1987. The per unit fees presented are based on sets of assumptions for two hypothetical projects: a 100-unit single-family subdivision and a seven-unit apartment building. Median impact fees for a single-family home in 1987 total $2,851, jumping 644% in the six-year period. Average impact fees for the same period rose 116%. The substantial variation between the the median and average reflects the fact that many of the localities which charged low fees in 1981 have now begun to keep pace with other parts of the region. Ninety-one percent of the sample cities charge at least one growth impact fee; Daly City and Redwood City continue to be the only exceptions. Median impact fees for multi-family construction follow a similar pattern, increasing 582% over the six-year period. The median per unit impact fees for the hypothetical multi-family project, $1,665, are 42% lower than the median fees for a single-family home.

Table 2 shows median impact fees broken down by type. Almost three-quarters of the jurisdictions surveyed levy a park fee on new tract development. Residential construction taxes and school impact fees are imposed in nearly half of the localities. While the percentage of cities charging school impact fees has re-

Table 1
Per Unit Impact Fees for Selected Cities, 1981 and 1987

	Single-family			Multi-family		
	1981	1987	%change	1981	1987	%change
Fremont	$2,156	$4,901	127%	$1,560	$3,784	143%
Livermore	3,280	3,509	7%	2,309	3,509	52%
Oakland	300	300	0%	157	157	0%
Pleasanton	2,025	4,950	144%	1,598	4,273	167%
Antioch	2,085	2,806	35%	50	1,614	3127%
Concord	300	2,780	827%	117	1,636	1296%
Martinez	817	3,334	308%	817	1,797	120%
Richmond	432	3,918	807%	0	2,409	--
Uninc.	300	3,100	933%	300	1,900	533%
Novato	350	460	31%	244	316	30%
San Rafael	383	4,053	958%	200	1,665	731%
Sausalito	300	300	0%	43	300	600%
Belmont	350	1,584	353%	264	250	-5%
Daly City[1]	0	0	0%	0	0	0%
Redwood City	0	0	0%	0	0	0%
San Mateo[2]	192	2,000	942%	27	1,185	4219%
Gilroy	1,930	4,296	123%	2,091	2,493	19%
San Jose	4,287	5,543	29%	2,719	3,825	41%
Santa Clara	25	41	64%	18	25	42%
Sunnyvale[2]	301	415	38%	0	221	--
Fairfield	3,375	5,448	61%	2,624	3,646	39%
Vallejo	3,182	3,983	25%	1,964	2,895	47%
Santa Rosa	1,618	2,851	76%	967	2,179	126%
Median	**$ 383**	**$2,851**	**644%**	**$ 244**	**$1,665**	**582%**
Mean	**$1,217**	**$2,634**	**116%**	**$ 786**	**$1,743**	**122%**

Notes: [1]Does not include required park fee for single-family units
[2]Does not include required park fee for all residential units

source: Association of Bay Area Governments; Bay Area Council

Table 2
Median Per Unit Impact Fees for 23 Selected Cities, 1987

	Single-family			Multi-family		
		% of cities imposing fee			% of cities imposing fee	
	1987 Median[1]	1981	1987	1987 Median[1]	1981	1987
Park Fee[2]	$1,098	70%	70%	$ 822	48%	57%
Res. Constr. Tax	501	43%	43%	429	43%	43%
School Impact Fee	2,151	39%	39%	1,274	35%	39%
Street Improvements	129	0%	26%	8	0%	22%
Traffic Mitigation	835	4%	17%	515	4%	17%
Public Facilities	1,128	9%	9%	1,028	9%	9%
Low-Income Housing	1,004	4%	9%	1,034	4%	9%
Growth Management	525	4%	4%	525	4%	4%

Notes: [1]Medians for each fee are based only on cities that charge that fee; cities not imposing a fee are considered "not applicable."
[2]Park fees in Daly City (single-family only), San Mateo and Sunnyvale are based on land valuation and are not counted in median.

source: Bay Area Council

mained the same over the past six years, many more communities may now look to assessing or increasing school fees as a result of AB 2926, which allows school districts the right to levy fees independent of local government. A larger number of communities now require street improvement and traffic mitigation fees than in 1981.

Planning Fees

Application fees for planning and zoning approval in 1987 show a steady but less dramatic increase since 1981. Median planning fees for the hypothetical 100-unit subdivision--which include a general plan amendment, rezoning, PUD, use permit, design review, tentative and final subdivision map, and environmental review administrative fees (not including the cost of an EIR)--increased 121% since 1981, with a low of $2,925 for the entire project to a high of $22,415. Cities with the highest planning fees include Fremont, Oakland, Pleasanton, Novato, Sausalito, Daly City, San Jose and Santa Rosa (not shown). Median planning fees for a seven-unit apartment building--which are assumed to include a use permit, design review and negative declaration--increased only 28% in the six-year period to $565.

Fees and Housing Affordability

While there is some debate as to who bears the brunt of high development fees, it is likely that in high demand markets such as the Bay Area, the cost is passed through to the consumer. Median impact fees alone--which generally account for only one-third of total development fees--add an average of $15 per month to rent, or $25 per month to mortgage payments. The addition of these fees creates a substantial burden to low and moderate-income households, and may discourage development of new or affordable housing. Of the jurisdictions surveyed, only Pleasanton maintained a standard impact fee waiver policy to developers providing low-income units; four other jurisdictions indicated that they would consider fee waivers on a case-by-case basis.

Prepared by Richard Mandel

BAY AREA HOUSING DATA

MORTGAGE REVENUE BONDS: FROM PRODUCTION TO AFFORDABILITY

While tax-exempt mortgage revenue bonds financed over 18,000 units of rental housing in the Bay Area in 1985, the future role of housing bonds is uncertain as new federal restrictions favor affordability over production. This month's data insert presents results of a survey of local government mortgage revenue bond activity in the Bay Area in 1985, as well as information on 1986 bond issues and the future of tax-exempt financing.

1985 MRB Activity

Many Bay Area jurisdictions played an active role in issuing bonds for rental housing in 1985. Attracted by the favorable interest rates available through tax-exempt financing instruments, developers used bonds to finance 89 rental projects totalling 18,656 units, according to a Bay Area Council survey of local governments. (See accompanying table.) Total bond issuance in the Bay Area was $1.3 billion in 1985, almost four times higher than the $343 billion issued in 1984. Eight of the nine Bay Area counties were active issuers in 1985, with projects now under construction or completed in 36 jurisdictions. Local governments in Alameda County issued bonds for over 4,000 units, more than any other Bay Area county. San Francisco, however, financed the largest amount, $365.7 million, representing 3,789 units. Over half of the bonds in San Francisco were issued by the Redevelopment Agency.

1985 Mortgage Revenue Bond Multi-Family Issues in the Bay Area

County	Amount ($ Mill)	No. of Projects	No. of Units	Percent Affordable
Alameda	$279.0	21	4,063	20%
Contra Costa	163.3	17	2,810	22%
Marin	7.5	3	156	37%
Napa	0.0	0	0	0%
San Francisco	365.7	11	3,789	27%
San Mateo	88.4	4	1,115	26%
Santa Clara	192.9	11	2,587	26%
Solano	109.9	12	2,681	20%
Sonoma	71.1	10	1,455	20%
BAY AREA TOTAL	**$1,278.4**	**89**	**18,656**	**24%**

Source: California Debt Advisory Commission; Bay Area Council

At the city level, Fremont, Pittsburg, Sunnyvale and Vacaville each provided for over 1,000 units of rental housing through mortgage revenue bonds issued in 1985. Other cities with substantial bond-financed housing included Oakland, Antioch, Vallejo and Santa Rosa, each providing over 800 units.

Federal targetting requirements for multi-family housing bonds issued in 1985 maintained that at least 20% of the units in every project be affordable to households earning not more than 80% of the area median income. As

a result of additional local incentives or requirements, or the participation of non-profit developers, bond-financed projects in many jurisidictions contained larger proportions of affordable units and/or more restrictive targetting requirements than were required by law. Our survey revealed that in 1985, 4,477 bond-financed units -- 24% of the total -- were targetted to low and moderate-income families. Many projects in Alameda County and San Francisco contain higher proportions of affordable units, including five projects which are 100% affordable.

Few mortgage revenue bond-financed projects are addressing the needs of larger families. Only 4% of the total units in the Bay Area are three-bedroom. Two-bedroom units comprise 57% of the apartments in bond projects, with the remainder one-bedrooms and studios.

Mortgage Revenue Bonds after Tax Reform

Local bonds issued in 1985 helped spur rental housing production to its highest level in over a decade. Under the provisions of the Tax Reform Act of 1986, however, the emphasis of the housing bond program shifts from production to affordability. The new tax law establishes a state-by-state volume cap on bonding authority for "private activity bonds" equal to $75 per capita, or $1.9 billion for California in 1986. After 1987, the limit drops to $50 per capita. The new volume cap applies not only to mortgage revenue bonds, but also to most industrial development bonds. The allocation system is to be determined by each state. Multi-family housing bonds issued for non-profit organizations, however, are exempt from the statewide volume cap. In October 1986, The California Debt Limit Allocation Committee allotted $700 million for all types of housing bonds for the remainder of the year; in 1985, $4.5 billion in rental housing bonds were issued statewide.

In addition to the volume cap reduction, new targetting provisions under tax reform require that either 20% of the units in bond-financed housing be occupied by households earning not more than 50% of the area median income, or 40% be occupied by households earning up to 60% of the median. These restrictions must be satisfied for 15 years. In the San Francisco-Oakland PMSA, the maximum rents would be approximately $450 for households earning 50% of median, or $545 for those earning 60% of median. Despite the more favorable financing terms associated with revenue bonds, Bay Area developers will be hard pressed to find projects that will pencil out: much stricter rent limits coupled with the high costs of land and construction thoughout most of the region will limit the use of bonds unless additional incentives or subsidies are made available.

Bonds in 1986 got off to a late start, reflecting not only the impact of new affordability restrictions, but also earlier uncertainty over tax reform which postponed issuance until the end of the year. In 1986, the only applications filed for multi-family housing bonds by Bay Area jurisdictions were granted: $8.5 million in Fremont (132 units) and $5.5 million in Concord (86 units). Both projects received density bonuses from the city.

It is clear that greater cooperation from local governments will be necessary for the revised housing bond program to be effective. Tax-exempt financing will have to be used in combination with such local programs as fee waivers, land writedowns, density bonuses or provision of infrastructure if bonds are to remain an economically viable alternative for developers.

Prepared by Richard Mandel

BAY AREA HOUSING DATA

Residential Land Supply

Do We Have Enough Land?

In 20 years, it is predicted that the Bay Area will have more than 2.65 million households, an increase of more than 680,000 households from the 1980 Census count. Where will the housing for these families and individuals be built? Will we have sufficient land to accommodate this 35% increase in the region's housing supply?

The accompanying table details the housing demand and land supply situation in 15 sub-regions of the Bay Area. Presented for each sub-region is the amount of residential capacity (in housing units) as determined by the Association of Bay Area Governments (ABAG) in its most recent Local Policy Survey. Capacity is compared with the forecasted housing growth for each area and with the amount of local housing demand generated by employment growth within each sub-region. The surplus, or deficit, of residential capacity is also shown.

FUTURE HOUSING DEMAND AND HOLDING CAPACITY OF RESIDENTIAL LAND, 1980-2005

Sub-Region	Holding Capacity	Housing Growth	Surplus (Deficit)	Local Demand	Surplus (Deficit)
East Bay North	20,195	28,062	-7,867	18,268	1,927
East Bay South	58,745	76,153	-17,408	63,260	-4,515
Tri-Valley	46,067	53,006	-6,939	71,245	-25,178
Contra Costa West	23,205	20,107	3,098	7,830	15,375
Contra Costa Central	30,711	30,817	-106	47,389	-16,678
Contra Costa East	58,051	52,179	5,872	17,190	40,861
Solano County	73,718	75,004	-1,286	40,337	33,381
Napa County	14,573	17,096	-2,523	13,264	1,309
Sonoma County	74,581	85,036	-10,455	51,634	22,947
Marin County	25,562	20,387	5,175	37,043	-11,481
San Francisco	43,334	27,103	16,231	52,563	-9,229
San Mateo North	12.223	10,965	1,258	17,809	-5,586
San Mateo South	31,927	31,924	-3	30,934	993
Silicon Valley	25,531	33,188	-7,587	67,633	-42,102
Greater San Jose	105,146	121,353	-16,207	192,507	-87,361
BAY AREA TOTAL	**643,569**	**682,310**	**-38,741**	**728,036**	**-84,467**

HOLDING CAPACITY - Housing units possible with existing planning and zoning.
HOUSING GROWTH - Increase in households, 1980-2005
LOCAL DEMAND - Derived from projected employment growth, 1980-2005
SURPLUS (DEFICIT) - Difference between capacity and projected growth or local demand, 1980-2005

Sources: ABAG Local Development Policy Survey, 1986
ABAG Projections '85

Housing Demand and the Capacity of Residential Land

Bay Area cities and counties have designated about 206,000 acres of land for residential development. Under the current planning and zoning for this land, almost 644,000 units of housing could be built. While this amount of residential capacity is substantial, it will not support the amount of household growth predicted for the next 20 years. Unless more land is designated for housing, or densities on existing land planned for residential use are increased, the Bay Area will experience a shortfall of at least 38,000 housing units by the year 2005.

The predictions for household growth assume that the Bay Area will not meet all of its housing demand and that some of the demand will be exported to surrounding areas outside the nine Bay Area counties. If we examine the amount of housing demand generated by the employment growth anticipated in the Bay Area, we find a need for 728,000 new housing units by the year 2005. Comparing this to available residential land capacity reveals a future deficit of 84,000 units. Failure to eliminate this shortfall will result in escalated home prices and more commuting from outside the region.

Lack of Residential Land Critical in Some Sub-regions

In addition to a regional land supply problem, several sub-regions in the Bay Area will face critical shortages of residential capacity in the next 20 years. In the Greater San Jose area, the Silicon Valley, and the Tri-Valley, anticipated job growth will create a demand for housing well in excess of the amount of residential capacity currently planned by the cities and counties in those sub-regions. Other areas which may face a shortage of residential land include central Contra Costa County, Marin County, San Francisco, and northern San Mateo County.

Where the Residential Land Is

The second table depicts the amount of residential land, and the housing capacity, which will be available between 1980 and 2005 in the various sub-regions of the Bay Area. The greatest amount of residential capacity is in Greater San Jose and southern Santa Clara County, Sonoma County, and Solano County.

Marin County, the Tri-Valley, central Contra Costa County, and southern San Mateo County have a significant amount of land available, but low density zoning reduces the potential for housing development. Overall in the Bay Area, the average gross density for available residential land is only 3.1 units per acre. The sub-regions with the highest densities for residential land include the more urban areas of San Francisco, northern San Mateo County, and northern Alameda County.

AVAILABLE RESIDENTIAL LAND, 1980-2005

Sub-region	acres	units	average density
East Bay North	2,153	20,195	9.4
East Bay South	14,386	58,745	4.1
Tri-Valley	19,658	46,067	2.3
Contra Costa West	5,326	23,205	4.4
Contra Costa Central	12,391	30,711	2.5
Contra Costa East	12,532	58,051	4.6
Solano County	18,013	73,718	4.1
Napa County	6,164	14,573	2.4
Sonoma County	47,958	74,581	1.6
Marin County	22,118	25,562	1.2
San Francisco	571	43,334	75.9
San Mateo North	1,217	12,223	10.0
San Mateo South	15,312	31,927	2.1
Silicon Valley	3,222	25,531	7.9
Greater San Jose	25,350	105,146	4.1
BAY AREA TOTAL	**206,371**	**643,569**	**3.1**

Source: ABAG Local Development Policy Survey, 1986

BAY AREA HOUSING DATA

As part of its "Bay Area Housing Study" released late last year, the Bay Area Council conducted attitudinal surveys of both local government officials and builders. This month's data insert presents unpublished survey findings along with selective results from the Council's annual Bay Area Poll.

Market Trends: Builder Perceptions

The residential market is changing in the Bay Area and builders are responding accordingly. Survey results show an increasing interest in the move-up market. Financing and interest rates continue to be a key ingredient in development decisions.

	Agree	Disagree	Unsure
Is residential market demand shifting toward higher density development?	31%	47%	22%
Is demand shifting toward the trade-up market?	48%	22%	30%
Without tax-exempt bonds, would rental development slow to a trickle?	68%	20%	12%
Would you hesitate to undertake single-family development if interest rates rose two points?	83%	7%	10%

Developers and the Community

Are developers responsive to the community's housing needs? Thirty-two percent of local officials surveyed feel that developers are not responsive, 46% disagree, and 22% had no comment. The public is not as generous: 75% of the Bay Area Poll respondents believe that "builders are guided only by high profits rather than meeting housing needs."

Most (83%) local officials believe that "builders should consult with neighborhood groups regarding housing proposals;" two-thirds of the builders agree. In addition, 61% of builders believe "there is room for compromise in dealing with growth control advocates."

Where to Build: Infill vs. Expansion

What impact would the creation of a permanent greenbelt have on housing prices? Local officials have mixed reactions, but an overwhelming majority of builders believe that a permanent greenbelt would push up housing costs.

		Agree	Disagree
The cost of housing would increase if a permanent greenbelt of open space was established around Bay Area communites.	Local officials	42%	46%
	Builders	82%	8%

Most of local government officials believe that new residential development should be limited to existing urban areas, but are split on whether infill sites should be upzoned for higher density development. They do not, however, favor rezoning industrial or commercial land for housing. Nevertheless, they do feel that jobs and housing should be balanced to reduce commutes.

	Agree	Disagree
All new residential development should occur in areas already receiving urban services.	60%	28%
Community should zone for higher densities on infill sites in order to meet our housing needs.	44%	42%
Community should rezone some industrial and commercial land for residential development.	26%	56%
New employment sites and new housing developments must be planned to minimize commute travel.	86%	9%

Of the builders surveyed, 78% reported having undertaken a residential project on an infill site. Those who had built infill housing were asked to rank the three greatest constraints to such development.

(over)

Constraint to infill residential development	% builders mentioning
Land costs	78%
Neighborhood resistance	77%
Parcel assembly problems	50%
Inappropriate zoning	33%
Physical site limitations	31%
Poor market location	21%
Inadequate public facilities	11%

What do local government officials consider when reviewing higher density infill residential projects?

	% of times mentioned as most or very important
Consistency with general plan and zoning	85%
Appearance of project	81%
Effect on traffic levels	78%
Availability of sewer and water	61%
Special housing need filled	60%
Affordability of units	53%
Neighborhood opposition or support	49%
Developer or builder track record	43%
Effect on use of open space and parks	41%

Affordable Housing

Of the local officials surveyed, 41% mentioned housing affordability as the most important housing issue in their community. And, 71% believe that first-time homebuyers cannot afford the housing available in their community.

Most local officials (69%) believe that they have a responsiblity to provide for low-income housing, but only 20% of the respondents believed that they should devote more of their budget towards housing. More spending by the state on housing, even at the expense of other programs, was supported by 38% of local officials. However, 62% of the respondents do not believe that development standards or building codes should be modified to lower housing production costs.

The following approaches were ranked by more than half of the respondents as promising techniques for increasing the supply of low-cost housing. Builders support for the same techniques differed.

	% ranking technique most or very important	
	Local officials	Builders
1. Zoning and planning for higher density housing	79%	89%
2. Density bonuses for the inclusion of affordable housing	65%	59%
3. Mixed-use (residential and commercial) development	62%	34%
4. Negotiated development agreements with provisions for affordable housing	60%	31%
5. Intergovernmental cooperation on planning for housing and employment	60%	72%
6. Use of tax-increment funds from redevelopment	58%	59%
7. Mandatory inclusionary zoning	56%	7%
8. Public education on housing issues	54%	79%
9. Second units	54%	16%
10. Non-profit housing corporations	52%	12%

Methodology

The local government survey sample included 284 responses (24% response rate) representing 84% of all Bay Area jurisdictions. The builder survey had a response rate of 22%. The Bay Area Poll, conducted by Field Research Corporation, is a telephone survey of 600 randomly selected adult residents of the nine-county Bay Area.

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